

FILED

6/13/2024

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
PECOS DIVISION**

CLERK, U.S. DISTRICT COURT
WESTERN DISTRICT OF TEXAS
By: CO Deputy

Case No: 4:24-CR-00165

UNITED STATES OF AMERICA

Plaintiff,

v.

ERNESTO VILLARREAL, JR.,

Defendant.

SEALED

INDICTMENT

**COUNT 1: 18 U.S.C. § 666, Theft
Concerning Programs Receiving Federal
Funds**

**COUNTS 2-9: 18 U.S.C. § 1343, Wire
Fraud**

Notice of Forfeiture

THE GRAND JURY CHARGES:

INTRODUCTION

1. The Valentine Independent School District (“District”) is an independent school district located in the Western District of Texas, created pursuant to the Texas Education Code and accredited by the Texas Education Agency.

2. Ernesto Villarreal (“Defendant”) is an individual who was employed from on or about 2006 until on or about November 15, 2022. At all relevant times to this Indictment, Defendant held the position of Business Manager and Tax Assessor/Collector for the District.

COUNT ONE

Beginning on or about August 3, 2020, and continuing until on or about November 6, 2022, in the Western District of Texas and elsewhere, the Defendant,

ERNESTO VILLARREAL, JR.,

Being an agent of the District, an agency of the State of Texas, said district receiving the one year period beginning July 21, 2020, the one year period beginning July 22, 2021, and the one year period beginning July 1, 2022, benefits in excess of \$10,000 under Federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of Federal assistance, embezzled, stole, obtained by fraud, and without authority knowingly converted to the use of a person not the rightful owner and intentionally misapplied, property valued at \$5,000 or more, that was owned, under the care, custody, or control of the District.

The Schemes

Defendant engaged in multiple schemes to embezzle, steal, obtain by fraud, convert, and misapply property owned, and under the care, custody, or control of the District, as follows:

1. Defendant fraudulently and improperly used credit cards issued by the District to Defendant for authorized purchases in his capacity as Business Manager and Tax Assessor/Collector. Defendant used the credit cards for hundreds of personal purchases, including but not limited to purchases for travel, lodging, home improvements, hardware store purchases, personal cellular phone bills, fuel, oil changes, convenience store purchases, university tuition payments, and various other unauthorized purchases.

2. Defendant accessed payroll information for several employees and former employees of the District and created fraudulent payroll payments that Defendant sent to his personal bank account by changing the direct deposit information for employees and former employees and replacing such information with the direct deposit information for his personal bank accounts. The payments made were without the knowledge of the employees and former employees and did not relate to work performed by the employees and former employees.

3. Defendant made unauthorized payments to his personal credit card from District bank accounts and attempted to disguise such payments as being for legitimate educational services from a vendor.

4. Defendant wrote checks from District accounts to himself which were deposited into Defendant's personal bank account.

All in violation of Title 18 United States Code, Section 666(a)(1).

COUNTS TWO through NINE

Beginning on or about June 6, 2018, and continuing until on or about September 15, 2022, in the Western District of Texas and elsewhere, the Defendant,

ERNESTO VILLARREAL, JR.,

knowingly devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises both by affirmative acts and by deceitful concealment of material facts and omissions, that is, Defendant caused direct deposit payroll payments to be made from the District in the name of employees and former employees of the District and directed such payments to Defendant's personal bank accounts by accessing payroll information and altering the direct deposit information for such employees and former employees without their knowledge or the knowledge of the District, and in furtherance of the scheme and artifice to defraud and to obtain money and property by materially false and fraudulent pretenses, representations, promises both by affirmative acts and by deceitful concealment of material facts and omissions, transmitted and caused to be transmitted in interstate commerce following writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice:

Count	Date of Payment	Amount of Payment (Gross)	Amount of Payment (Net)
Two	March 17, 2022	\$3,500.00	\$2,976.50
Three	April 21, 2022	\$3,000.00	\$2,574.75
Four	May 19, 2022	\$2,400.00	\$2,084.73
Five	June 16, 2022	\$1,000.00	\$923.50
Six	September 15, 2022	\$4,961.66	\$4,150.95
Seven	September 15, 2022	\$4,760.00	\$4,087.60
Eight	September 15, 2022	\$1,200.00	\$1,096.53
Nine	October 22, 2022	\$180.00	\$166.23

All in violation of Title 18 United States Code, Section 1343.

NOTICE OF GOVERNMENT'S DEMAND FOR FORFEITURE

[See Fed. R. Crim. P. 32.2]

I.

**Theft Concerning Programs Receiving Federal Funds
and Wire Fraud Violation and Forfeiture Statutes**

[Title 18 U.S.C. §§ 666(a)(1) and 1343, subject to forfeiture pursuant to Title 18 U.S.C § 981 (a)(1)(C), as made applicable to criminal forfeiture by Title 28 U.S.C. 2461(c)]

As a result of the foregoing criminal violation set forth above, the United States of America gives notice to Defendant **ERNESTO VILLARREAL, JR.** of its intent to seek the forfeiture of certain property upon conviction and pursuant to Fed. R. Crim. P. 32.2 and Title 18 U.S.C. § 981(a)(1)(C), as made applicable to criminal forfeiture by Title 28 U.S.C. § 2461(c), which states:

Title 18 U.S.C. § 981. Civil Forfeiture

(a)(1) The following property is subject to forfeiture to the United States:

* * *

(C) Any property, real or personal, which constitutes or is derived from proceeds traceable to a violation . . . of this title or any offense constituting “specified unlawful activity” (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense.

Theft Concerning Programs Receiving Federal Funds and Wire Fraud are an offense constituting “specified unlawful activity” as defined in section 1956(c)(7).

This Notice of Demand of Forfeiture includes but is not limited to the Money Judgment in Paragraph II.

II.
Money Judgment

A sum of money that represents the amount of proceeds obtained, directly or indirectly, property involved in such offense, or traceable to such property as a result of the violations set forth above for which Defendant **ERNESTO VILLARREAL, JR.** is solely liable.

Substitute Assets

If any forfeitable property, as a result of any act or omission of the Defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

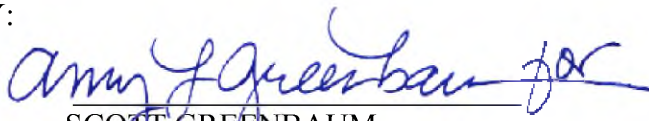
it is the intent of the United States to seek forfeiture, pursuant to Title 21 U.S.C. § 853(p) and Fed. R. Crim. P. 32.2, of any other property (substitute assets) of said Defendant up to the value of the forfeitable property.

A TRUE BILL.

FOREPERSON OF THE GRAND JURY

JAIME ESPARZA
UNITED STATES ATTORNEY

BY:


SCOTT GREENBAUM
ASSISTANT UNITED STATES ATTORNEY